REMARKS

In the Office Action, claims 42, 43, 59 and 63-79 were rejected. More specifically:

- The Office has rejected claims 42, 43, 63-66 and 69-72 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 7,155,510 to Kaplan ("*Kaplan*") in view of U.S. Patent Application Publication No. 2002/0138461 to Sinclair et al. ("*Sinclair*");

- The Office has rejected claims 67 and 68 under 35 U.S.C. §103(a) as being unpatentable over *Kaplan* in view of *Sinclair* and in further view of U.S. Patent No. 4,114,027 to Slater et al. ("*Slater*")

- The Office has rejected claims 73 and 74 under 35 U.S.C. §103(a) as being unpatentable over *Kaplan* and *Sinclair* in view of U.S. Patent Application Publication No. 2003/0204461 to Magary et al. ("*Magary*");

- The Office has rejected claims 75 and 76 under 35 U.S.C. §103(a) as being unpatentable over *Kaplan* and *Sinclair* in view of U.S. Patent Application Publication No. 2002/0138417 to Lawrence ("*Lawrence*");

- The Office has rejected claims 59 and 77 under 35 U.S.C. §103(a) as being unpatentable over *Kaplan* and *Sinclair* in view of U.S. Patent Application Publication No. 2004/0107157 to Bleunven et al. ("*Bleunven*"); and

- The Office has rejected claims 78 and 79 under 35 U.S.C. §103(a) as being unpatentable over *Kaplan* and *Sinclair* in view of U.S. Patent Application Publication No. 2003/0225663 to Horan et al. ("*Horan*") in view of Official Notice.

Claims 42, 43, 63-71 and 73-77 have been amended. No new matter has been added as a result of these amendments. For the reasons set forth below, Applicants request that the above-listed objections and rejections be withdrawn.

Rejections Under 35 U.S.C. §103(a)

Claim 42

As amended, independent claim 42 is nonobvious over the cited references because the cited references fail to teach or disclose at least the following limitations of amended claim 42:

- receiving data representative of: a plurality of transactions relating to securities trading, and a plurality of entities involved in securities trading, wherein the plurality of transactions and the plurality of entities are not predetermined to be related;

- identifying a behavior of interest comprising one or more sequence detection requirements that is indicative of a risk to a brokerage or its investors;

- determining whether one or more groups of the transactions and entities collectively satisfy at least one of the one or more of the sequence detection requirements; and

- in response to one or more groups of the transactions and entities collectively satisfying at least one of the one or more sequence detection requirements, generating an alert informing a user of the one or more groups of the transactions and entities.

Kaplan is directed to a system for predicting and forecasting stock prices. *Kaplan* at 4:21-25. The system in *Kaplan* compiles forecasts, for example the closing prices of the NASDAQ stock exchange for the following day, from multiple individuals and/or entities. *Id.* at 4:63-5:15. The system them compiles these individual forecasts to generate a collective forecast which it communicates back to the individuals and/or entities. *Id.*

In contrast, claim 42 is directed to a method of generating alerts by identifying a behavior of interest comprising one or more sequence detection requirements that is indicative of a risk to a brokerage or its investors. Claim 42 requires determining whether a group of transactions relating to securities trading and entities involved in securities trading collectively satisfy at least one of the sequence detection requirements. If so, an alert informing a user of the transactions and entities is generated.

Moreover, *Kaplan* fails to disclose determining whether one or more groups of transactions and entities collectively satisfy at least one of the one or more sequence detection requirements as required by claim 42. *Kaplan* discloses gathering stock price forecasts from multiple individuals or entities, and aggregating all of the forecasts from all of the entities to predict movement in stock prices. *Kaplan* is not concerned with determining whether stock forecasts and the entities providing the forecasts collectively satisfy sequence detection requirements.

Sinclair fails to resolve the deficiencies of *Kaplan*. *Sinclair* is directed to a system for analyzing player betting patterns for indications of problematic gambling behaviors. *Sinclair* at [0010]. For example, the *Sinclair* system may analyze a player's wagers to determine whether the player's bets are indicative of chasing (increasing wagers in response to a series of losses). *Id.*

As such, *Sinclair* analyzes actions that are predetermined to be related because they are performed by a single individual. In contrast, claim 42 requires analyzing <u>a plurality of transactions relating to securities trading</u> **and** <u>a plurality of entities involved in securities trading</u>. Moreover, claim 42 requires that these transactions and entities are not predetermined to be related.

For at least these reasons, and without conceding that the previous version of claim 42 is obvious, claim 42, as presently amended, is nonobvious over *Kaplan* and *Sinclair*. Because claims 43-70 depend from and incorporate all of the limitations of independent claim 42, claims 43-70 are nonobvious over *Kaplan* and *Sinclair*. *See* MPEP §2143.03 (stating that if an independent claim is nonobvious under 35 U.S.C. §103, then any claim depending therefrom is

nonobvious). Accordingly, Applicants respectfully request that the rejections associated with claims 42-70 be withdrawn.

Dependent Claim 78

In addition to the reasons set forth above with respect to independent claim 42, dependent claim 78 is nonobvious over the cited references because the cited references fail to teach or suggest at least the following limitations of claim 78:

- the behavior of interest comprises: selling, by a customer of a securities brokerage, a first mutual fund within six months of purchasing the first mutual fund, and using proceeds from the selling to buy a second mutual fund; and

- one or more of the following is solicited by a securities representative: sale of the first mutual fund, and purchase of the second mutual fund.

Applicants agree with the Office's assertion on page 15 of the Office Action that *Kaplan* and *Sinclair* fail to disclose these limitations. However, *Horan* fails to resolve the deficiencies of *Kaplan* and *Sinclair*.

Horan is directed to an electronic portfolio management system that facilitates multi-asset transaction processing. *Horan* at Abstract. *Horan* discusses using a portfolio management system to sell one security and to use the proceeds to buy a different security, but fails to teach or disclose the behavior of interest described in claim 78. Claim 78 depends from independent claim 42 which requires identifying a behavior of interest comprising one or more sequence detection requirements that is indicative of a risk to a brokerage or its investors. Claim 78 specifies that this behavior of interest involves selling, by a customer of a securities brokerage, a first mutual fund within six months of purchasing the first mutual fund, and using proceeds from the selling to buy a second mutual fund and the sale of the first mutual fund or the purchase of

the second mutual fund is solicited by a securities representative. These characteristics, taken together, may identify an illicit or illegal transaction to which a user should be alerted.

Like *Kaplan* and *Sinclair*, *Horan* fails to teach or disclose identifying a behavior of interest that is indicative of a risk to a brokerage or its investors. *Horan* merely discloses a system for managing a security portfolio, and is not concerned with identifying behaviors of interest as required by claim 42, or the behavior of interest described in claim 78.

The Office asserts that although *Kaplan*, *Sinclair* and *Horan* fail to teach or suggest setting a time limit on the sale of a mutual fund, that this limitation is well known in the art and therefore rejected under Official Notice.

Applicants respectfully disagree. As discussed above, *Kaplan*, *Sinclair* and *Horan* fail to teach or suggest identifying a behavior of interest that is indicative of a risk to a brokerage or its investors. Although trading tools may allow a user to set time frames within which to buy or sell securities, as is mentioned by the Office on page 16 of the Office Action, the Office has failed to show through Official Notice the use of time limits in a behavior of interest that is indicative of a risk to a brokerage or its investors.

For at least these reasons, claim 78 is nonobvious over *Kaplan*, *Sinclair* and *Horan* in view of Official Notice. Accordingly, Applicants respectfully request that the rejections associated with claim 78 be withdrawn.

Dependent Claim 79

In addition to the reasons set forth above with respect to independent claim 42, dependent claim 79 is nonobvious over the cited references because the cited references fail to teach or suggest at least the following limitations of claim 79:

- generating an alert comprises generating an alert in response to the following: selling, by a customer of a securities brokerage, a first mutual fund wherein proceeds from selling are used to purchase a second mutual fund, wherein one or more of the selling and the purchase are solicited by a securities representative; proceeds from selling the first mutual fund are at least $10,000; a purchase price of the second mutual fund is at least $10,000; and the proceeds from selling the first mutual fund are at least a percentage of a value of the first mutual fund.

For reasons similar to those set forth above with respect to claims 42 and 78, *Kaplan*, *Sinclair* and *Horan* fail to teach or disclose all of the limitations of claim 79. In addition, the Office has failed to show through Official Notice the use of a price threshold for the purchase and sale of security in the generation of an alert.

Therefore, claim 79 is nonobvious over *Kaplan*, *Sinclair*, *Horan* in view of Official Notice. Accordingly, Applicants respectfully request that the rejections associated with claim 78 be withdrawn.

Claim 71

Amended independent claim 71 is nonobvious over the cited references because the cited references fail to teach, suggest or disclose at least the following limitations of amended claim 71:

- receiving data representative of: a plurality of transactions relating to securities trading, and a plurality of entities involved in securities trading, wherein the plurality of transactions and the plurality of entities are not predetermined to be related;

- identifying a behavior of interest comprising one or more sequence detection requirements that is indicative of a risk to a brokerage or its investors by identifying rapid switching of a first mutual fund for a second mutual fund, wherein one or more of the plurality of transactions is a solicited transaction involving one or more customers of a securities brokerage and one or more securities representatives, wherein the solicited transaction is solicited by the securities representative, wherein proceeds associated with the switching are at least a percentage of a value of the first mutual fund;

- determining whether one or more groups of the transactions and entities collectively satisfy at least one of the one or more of the sequence detection requirements; and

- in response to one or more groups of the transactions and entities collectively satisfying at least one of the one or more sequence detection requirements, generating an alert informing a user of the one or more groups of the transactions and entities.

For reasons similar to those set forth above with respect to claim 42, *Kaplan* and *Sinclair*, whether considered alone or in combination, fail to teach or suggest generating alerts by identifying a behavior of interest comprising one or more sequence detection requirements that is indicative of a risk to a brokerage or its investors, or determining whether a group of transactions relating to securities trading and entities involved in securities trading collectively satisfy at least one of the sequence detection requirements as required by claim 71.

In addition, *Kaplan* and *Sinclair* fail to teach or suggest identifying rapid switching of a first mutual fund for a second mutual fund, where one or more of the plurality of transactions is a solicited transaction involving one or more customers of a securities brokerage and one or more securities representatives, where the solicited transaction is solicited by the securities representative and where proceeds associated with the switching are at least a percentage of a value of the first mutual fund.

The Office asserts that this limitation is disclosed in *Bleunven*, however, Applicants respectfully disagree. *Bleunven* is directed to a system that allows clients to open and build a portfolio-swap account and to allocate equity-swap transactions among subaccounts. *Bleunven* at Abstract. A swap is defined as an agreement to trade future cash flows based on the future value of market variables. *Id.* at [0002]. In an equity-swap transaction, one party agrees to pay stock appreciation, while another party agrees to pay interest on the principal and stock depreciation. *Id.* at [0006]. The *Bleunven* system is designed to facilitate these transactions.

Claim 71 is directed to a system for identifying a situation representing risk to a brokerage or its investors. Claim 71 requires identifying rapid switching of a first mutual fund for a second mutual fund, where one or more of the plurality of transactions is a solicited transaction involving one or more customers of a securities brokerage and one or more securities representatives, where the solicited transaction is solicited by the securities representative and where proceeds associated with the switching are at least a percentage of a value of the first mutual fund. A transaction exhibiting these characteristics may be an illicit or illegal transaction to which a user should be alerted.

Bleunven is not concerned with identifying a risk to a brokerage or an investor. It does not teach or suggest identifying the rapid switching of a first mutual fund for a second mutual fund where a transaction is solicited by a securities representative and where the proceeds associated with the switching are at least a percentage of the value of the first mutual fund. It merely discloses a system for facilitating legal and permissible equity swaps.

For at least these reasons, and without conceding that the previous version of claim 71 is obvious, claim 71, as presently amended, is nonobvious over the prior art of record. Because claim 72 depends from and incorporates all of the limitations of independent claim 71, claim 72 is nonobvious over the prior art of record. *See* MPEP §2143.03. Accordingly, Applicants respectfully request that the rejections associated with claims 71 and 72 be withdrawn.
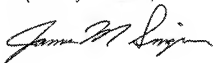
All of the stated grounds of rejection have been properly traversed, accommodated or rendered moot. Applicants therefore respectfully request that the USPTO reconsider and withdraw all presently outstanding rejections. There being no other rejections, Applicants respectfully request that the current application be allowed and passed to issue.

If the Examiner believes for any reason that personal communication will expedite prosecution of this application, I invite the Examiner to telephone me directly.

SUMMARY

The Commissioner is hereby authorized to charge any additional fees which may be required for this Amendment and Response, or credit any overpayment, to deposit account no. 50-0436.

Respectfully submitted,

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